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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)
)
Local Exchange Carriers' Rates,)
Terms, and Conditions for Expanded)
Interconnection Through Virtual)
Collocation for Special Access)
and Switched Transport)

CC Docket No. 94-97,
Phase I

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

BELL ATLANTIC'S DIRECT CASE

Bell Atlantic¹ hereby submits its Direct Case addressing the issues raised under "Issue A," overhead loadings, in the Commission's Order establishing the issues for investigation in this proceeding.² Bell Atlantic is not including a response to "Issue B," regarding maintenance-related costs, for the reasons discussed below.

The tariff now before the Commission was based upon the best cost information available at the time it was filed. In addition, at the time of the filing, Bell Atlantic had little operational experience with virtual collocation. Since shortly after that filing, however, Bell Atlantic has been conducting a new study of relevant costs. While that study will not be

¹ The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; and Bell Atlantic-West Virginia, Inc.

² **Order Designating Issues for Investigation**, DA 95-374 (CCB, rel. Feb. 28, 1995).

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completed until just before June 1, preliminary results show that the maintenance costs will be significantly lower than those upon which the rates in original tariff were based.

Based upon this study and its experience with virtual collocation, Bell Atlantic will develop a revised tariff for virtual collocation services for filing on June 1, 1995. For this reason, Bell Atlantic chooses to devote its resources to developing this new tariff rather than preparing additional justification for the initially-filed rates. It would not be the best use of the resources of Bell Atlantic to prepare, or of the parties or Commission to review, a justification for a tariff which will never become effective. Instead, Bell Atlantic will include with its June 1 revised tariff submission the material required under Issue B in support of that tariff.

During the intervening period, and until the Commission concludes its review of the revised tariff, Bell Atlantic will voluntarily accept, beyond the maximum five-month suspension period, a continuation of the existing virtual collocation tariff that resulted from the Commission's partial suspension of its filed tariff.³

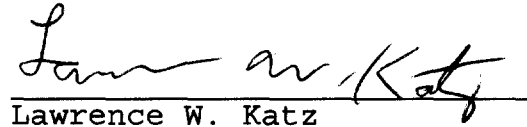
³ **Ameritech Operating Companies, et al.**, DA 94-1421 (CCB, rel. Dec, 9, 1994).

The attached Direct Case does, however, demonstrate that Bell Atlantic's method of calculating overhead loadings is just and reasonable.

Respectfully submitted,

**The Bell Atlantic Telephone
Companies**

By Their Attorney

A handwritten signature in cursive script, appearing to read "Lawrence W. Katz", is written over a horizontal line.

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March 21, 1995

ISSUE A: ARE THE OVERHEAD LOADINGS ESTABLISHED IN THE LECs' VIRTUAL COLLOCATION TARIFFS JUSTIFIED?

Bell Atlantic fully justified the ARMIS-based overhead loading used in the September 1, 1994 filing.¹ The overhead loading factor used in that filing is designed to capture the same proportion of indirect costs that other services in the same service category incur. This method of calculating overhead expenses has been used in many new service filings and should be approved here as well.

INFORMATION REQUIREMENT²

- (a) All LECs must comment on whether there are additional services that should be considered comparable services. In particular, the LECs must address whether a promotional offering should be considered a comparable service.**

Bell Atlantic submitted data on all comparable services in the September 1, 1994 Tariff Review Plan ("TRP") that accompanied the tariff filing. No updates are required at this time. Bell Atlantic does not have any promotional services that should be considered "comparable" to collocation services.

- (b) All LECs must list all of their unit investment components, and all of the annual cost factors applied to those components, for DS1 and DS3 virtual collocation services and comparable DS1 and DS3 services with the lowest overhead loading.**

The component-specific investment amounts for DS1 and DS3 cross-connections and DS1 and DS3 channel terminations are shown on

¹ See Transmittal No. 692.

² Order Designating Issues for Investigation, DA 95-374 at ¶ 17 (CCB, rel. Feb. 28, 1995), ("Order").

Workpaper 1. The annual cost factors ("ACFs") used in the interconnection studies and the channel termination studies are shown on Workpaper 2.

- (c) All LECs must explain whether the annual cost factors were applied in the same manner to the investment components for the virtual collocation services and the comparable services. If the same factors were not used, LECs must explain the basis for the differences.**

As Bell Atlantic stated previously,³ the same basic costing methodology is used for both interconnection services and standard Bell Atlantic services. All variations from the standard methodology are clearly explained in the September 1 filing and are designed to account for the arrangement that is unique to virtual collocation in which the collocator sells transmission equipment to Bell Atlantic for a nominal sum.

The financial arrangement with the collocators was accounted for as follows. Only the maintenance and administration cost factors were applied to those investment components that were sold to Bell Atlantic for a nominal sum, i.e., the transmission equipment included in the connection service rate element and intra-building cable included in the cable support fee. The capital cost factors (depreciation, cost of money, and income taxes) were not applied to these investment components because those costs are borne by the collocator, not Bell Atlantic. This differs from the comparable service cost studies which apply all ACFs to each unit of investment.

³ See Transmittal No. 692.

The annual cost factors used in the interconnection services studies and the "comparable" services studies were developed using the same methodology. The ACFs used for the interconnection services studies were developed in 1992, and the comparable services used 1993 ACFs in the cost studies. The difference due to the vintage of the ACFs is minimal.⁴ Refer to Workpaper 2 for a comparison of the ACFs.

- (d) All LECs must list the central office investment and cost components for each of the comparable DS1 and DS3 services identified in (b) above. In addition, LECs must determine and specify the central office investment and cost components for these two comparable services in a manner that parallels the virtual collocation TRP "functions." LECs also must describe in detail the function served by each of the investment components they identify for these comparable services.**

The investment and cost component detail for DS1 and DS3 comparable services is provided in the requested TRP format on Workpaper 3. The specific central office equipment investment components have been provided for DS3 channel terminations but not for DS1 channel terminations. DS1 channel terminations are developed by weighting four provisioning scenarios -- copper only, fiber only, and two mixes of copper and fiber. This makes the isolation of DSX and OLTM equipment investments unnecessarily burdensome for DS1, and the resulting numbers would only demonstrate what is already known -- the majority of the circuit

⁴ In addition, two different digital circuit equipment accounts were used for collocation and comparable services. The DS1 collocation study used the 357C digital account and the DS1 channel termination study used the 257C digital account. This difference is minimal as well.

equipment investment is for transmission equipment.

The TRP "functions" were developed for interconnection services. Although channel terminations are similar in nature to cross-connections, they do not parallel all of the activities required for interconnection services. Therefore, submission of TRP functions for channel termination services should not be considered an admission that a direct correlation exists between interconnection services and channel termination services. A discussion of each TRP function as it relates to channel termination services follows:

Provisioning Function: This function is not applicable to channel termination services because the costs identified for interconnection services are designed to recover costs for those provisioning activities which are incremental to Bell Atlantic's standard procedures for comparable services.

Entrance Function: All cable and cable support facilities for channel termination services are included in this function. The cable and supporting facilities required for channel termination services connect the customer premises and the serving wire center. Refer to Workpaper 3, pp. 1 and 4.

Termination Function and Maintenance and Repair Function: Bell Atlantic combined the termination function and the maintenance and repair function for channel terminations because the equipment costs for channel terminations which should be classified as a TRP termination function cannot be separated from the operating expenses which are classified as

a TRP maintenance and repair function. Bell Atlantic provides **services**, not **facilities**. Service costs include cost components to maintain and repair those offerings. Therefore, any attempt to isolate the two functions would create cost derivations that are not representative of the service provided. Recurring and nonrecurring functions are provided on Workpaper 3, pp 2, 3, 5, and 6.

Cross-Connection Function: This function is not applicable to channel termination services because no special connections are required between Bell Atlantic's transmission equipment and Bell Atlantic's frame. Interconnection services, however, require construction of a new route between the collocators' equipment and Bell Atlantic's frame.

Equipment Installation Function: The equipment installation costs are embedded in the recurring costs for comparable services. This function is not applicable for channel terminations because no direct comparison between the installation of dedicated collocator-specific equipment and Bell Atlantic network equipment can be made.

The investment components identified on the TRP serve the following functions:

Circuit Equipment: Circuit equipment performs the multiplexing function that converts electrical impulses into lightwave impulses and transmits them over a fiber strand. Circuit equipment also performs the reverse function of

receiving the lightwave impulses and converting them into electrical circuits.

Cable: Cable is required to connect the circuit equipment located at the customer's premises to the circuit equipment located at the serving wire center. DS1 channel termination use a combination of aerial and underground copper and fiber facilities and DS3 channel terminations are provisioned on underground fiber alone.

Cable Support Facilities: These facilities include the poles and conduit required to support and encase the cable facilities described above.

Land and Building: The circuit equipment in the serving wire center occupies a portion of the land and building associated with that serving wire center. No land or building investment is required for the circuit equipment located at the customer premises.

- (e) *If a LEC concludes that any of the comparable services described in the TRP Order should not be considered comparable, it should explain how the investment components of those services differ from the investment components of the corresponding DS1 or DS3 virtual collocation services.*

The services listed in the TRP Order are comparable.

- (f) *All LECs must submit current data detailing the percentage of DS1 and DS3 channel terminations that are sold without interoffice mileage. In calculating this percentage, LECs must include any DS1 and DS3 channel terminations that are sold in conjunction with a zero interoffice mileage charge.*

Bell Atlantic's billing records indicate that 34 percent of

DS1 circuits are sold without mileage and 77 percent of DS3 circuits are sold without mileage. These percentages were calculated by querying the billing data base for information on the configuration of DS1 and DS3 circuits provided by Bell Atlantic. Bell Atlantic does not have a zero interoffice mileage charge.

INFORMATION REQUIREMENT⁵

The Bureau requires the LECs to explain in their direct cases how the public interest goal of fostering efficient competition in markets for local telecommunications services is advanced if LECs use average overhead loadings for virtual collocation services provided to competitors and below-average loadings for service provided to their own end users.

The ARMIS-based overhead loading factor used to develop the September 1, 1994 rates is a standard factor used in many new services filings.⁶ However, this is not the only method used by Bell Atlantic in setting rates for new services, nor is it necessarily the preferred method. Bell Atlantic has introduced new services with rates based on the overhead loadings of comparable services.⁷ Bell Atlantic has also introduced new services which have market-based rates, i.e., no overhead loading factor *per se* was applied to the unit costs. Rather the rates were set at the perceived market level.⁸

Bell Atlantic initially applied a "family of comparable services" overhead loading factor to the interim collocation rate elements,⁹ but modified the permanent collocation offering to include an average ARMIS-based overhead loading factor at the request of the Common Carrier Bureau staff. Bell Atlantic's use of

⁵ Order at ¶ 19.

⁶ See, e.g., Transmittal 626 which recalculated ONA rates in a manner pursuant to a Commission Order.

⁷ See, e.g., Transmittal No. 700 which introduced Switched Transport Term Pricing Plans.

⁸ See, e.g., Transmittal No. 736 which introduced InterLATA Operator Services.

⁹ See Transmittal No. 540, filed December 21, 1992.

a Commission-requested standard overhead loading methodology cannot reasonably be considered an impediment to competition.

In addition, the overhead loadings of collocated services will not be used to subsidize services that are provided to Bell Atlantic's own end users. The Commission is focusing on the overhead loadings charged to those customers who sign up for the longest term plans offered by Bell Atlantic and ignores the significantly higher loadings assessed to Bell Atlantic's customers who select month-to-month services, which are comparable to Bell Atlantic's virtual collocation offering. Bell Atlantic intends shortly to file term plans for collocation services. The collocation term plans will reflect the same range of overhead loadings carried by Bell Atlantic's comparable term plan offerings.

INFORMATION REQUIREMENT¹⁰

To examine the LECs' virtual collocation rate elements that may be used with either DS1 or DS3 level cross-connects, the Bureau requires all LECs to list the virtual collocation rate elements they treated as nondedicated in their tariff revisions filed pursuant to the Virtual Collocation Tariff Suspension Order.

The only nondedicated virtual interconnection rate element that was subject to the Commission rate adjustment factors was the cable support fee. Bell Atlantic does have other nondedicated interconnection rate elements, but they were not addressed in the Commission's Suspension Order.

¹⁰ Order at ¶ 22.

INFORMATION REQUIREMENT¹¹

- (a) LECs must explain why it is reasonable to assign overhead loadings to nonrecurring charges associated with virtual collocation services.**

Bell Atlantic assesses the same nonrecurring charge ("NRC") to activate circuits for both collocation customers and channel termination customers; therefore, any overhead loadings associated with the circuit activation NRC is applied equally to both collocation customers and Bell Atlantic's end user customers. Bell Atlantic generally sets nonrecurring charges equal to costs; however, in the case of the circuit activation NRC (which is applied equally to channel terminations and cross-connections), the costs to activate a DS1 and a DS3 channel termination are the same. Therefore, the DS3-level NRC rate reflects the value of the additional capacity of a DS3 circuit as well as the competitive restraints of the marketplace.

The circuit activation NRCs are applied in a non-discriminatory manner to collocation customers and customers of Bell Atlantic's comparable services. Therefore, the overhead loadings associated with the DS3 circuit activation NRC meet the Commission's requirement that overhead loadings for collocation services must equal the loadings applied to comparable services.¹²

¹¹ Order at ¶ 24

¹² *Expanded Interconnection with Local Telephone Company Facilities, Memorandum Opinion and Order*, 9 FCC Rcd 5154 at ¶ 128, (1994).

- (b) LECs must identify the term of service that was assumed in developing the overhead loadings assigned to nonrecurring charges associated with virtual collocation services.**

No term of service was assumed in the development of the overhead loadings for any of Bell Atlantic's NRCs.

- (c) LECs must explain why it is reasonable that their virtual collocation tariffs apparently contain no provisions for refunds of overhead contributions in the event interconnectors discontinue service before completion of the term of service on which the assignment of overhead costs was based.**

This question does not apply to Bell Atlantic because no term of service was assumed in the development of the nonrecurring charges.

- (d) LECS must explain whether overhead loadings are recovered through any nonrecurring charges associated with comparable DS1 and DS3 services. If so, these charges must be identified. If not, LECs must explain why the treatment of overhead loadings on comparable services differs in this respect from that for virtual collocation services.**

The same overhead loadings are recovered on collocation services as are recovered on comparable services. See response to (a) above.

INFORMATION REQUIREMENT¹³

- (a) *Bell Atlantic must explain why its virtual collocation tariff imposes an \$1,800 nonrecurring charge for complete installation of a comparable DS3 special access channel termination service, but requires interconnectors to pay additional nonrecurring charges in conjunction with the installation of virtual collocation services. Bell Atlantic must specify the additional tasks and associated costs that justify the additional nonrecurring charges it imposes in conjunction with virtual collocation services.*

Although collocation services and channel termination services can be classified as comparable services, they are not equivalent services. A channel termination is a standard high-capacity access service which is provided in a uniform manner across Bell Atlantic's region. Interconnection services, on the other hand, are individually-tailored arrangements developed in conjunction with the collocators. Interconnection arrangements are unique because the transmission equipment is designated by, installed for, and dedicated to the collocator and each collocator in a given office may designate different equipment. The specific activities required to engineer and install the collocator's arrangement are recovered through the following rate elements which are unique to collocation:

Design and Planning Fee: The design and planning fee covers the expenses associated with advance planning and preparation of a design proposal that will meet the collocator's requirements for its requested collocation arrangement. These costs include the overall coordination of the project, engineering layout and design of the collocation arrangements,

¹³ Order at ¶ 28.

and operations assessment of the impact of the introduction of collocation to the central office.

Equipment Installation: Bell Atlantic outsources the installation function for collocator-designated equipment. The tariff rate was developed by requesting outside contractors to provide estimates of the cost of installing the collocator-designated equipment.¹⁴ The functions that the vendor will perform include engineering the equipment design, installing the equipment and equipment bays, and testing the newly installed equipment.

Cable Installation: The collocator provides Bell Atlantic with sufficient cable at the manhole to reach the transmission equipment. This cable is dedicated to the collocator and must be installed prior to the activation of individual collocation services.

Not until the activities described above have been completed can the collocator request activation of collocation services. It is the cost of service activation that is comparable for collocation and channel termination services, not the unique installation activities required to construct individual collocation arrangements.¹⁵

¹⁴ Collocators may choose to work directly with a Bell Atlantic certified vendor or may become a certified vendor provided they meet Bell Atlantic's installation vendor requirements. If the collocator chooses either of these options, Bell Atlantic's equipment installation fee will not be assessed.

¹⁵ The installation costs of Bell Atlantic's comparable services are capitalized and are recovered through the capital costs included in the recurring charges for those services. There

All of the collocation installation costs do not recur with each additional collocation service requested; only the \$1,800 activation NRC is assessed each time a DS3 channel termination or DS3 cross-connection is ordered. However, the charges referred to in footnote 51 of the Order (design and planning fee, equipment installation, and cable installation) are assessed only when a collocater initially requests a collocation arrangement or when the collocater's equipment or cable capacity is exhausted or must be re-engineered. These charges are spread among all of the services provided through the collocater's arrangement. Therefore, the per DS1 or DS3 allocation of these unique up-front charges will vary based on the collocation demand at a given location.

- (b) Bell Atlantic must submit data showing the overhead loadings and direct cost studies for all of the nonrecurring charges associated with its comparable DS1 and DS3 services. Such data must be provided at the same level of detail that is required for recurring charges.**

Bell Atlantic provided this information in its September 1, 1994 Tariff Review Plan ("TRP"). The appropriate pages are resubmitted as part of Workpaper 3, pp. 3 and 6.

are no capital costs associated with the maintenance of the collocater-designated equipment; therefore, the installation costs for collocater-designated equipment had to be recovered through discrete rate elements.

**ISSUE B: ARE BELL ATLANTIC'S MAINTENANCE-RELATED CHARGES
JUSTIFIED?**

Bell Atlantic is not including a response to this issue because an updated cost study is under development. A revised tariff filing will be made on June 1, 1995 which will include rates based on the updated cost study. Therefore, Bell Atlantic chooses to devote its resources to developing this new tariff rather than preparing additional justification for the initially-filed rates.

UNIT INVESTMENT COMPONENTS

DS1 Connection Service

	<u>Account</u>	<u>Investment</u>
<i>Cross-Connect</i>		
* DSX-1 Connection	357C	\$57.02
* Land	70C	\$0.41
* Building	60C	\$5.73
<i>Connection Service</i>		
* Equipment Surrogate	357C	\$5,107.67
* ABAM Cable	62C	\$11.20
* Fiber Distribution Frame	357C	\$106.40
* Land	70C	\$36.01
* Building	60C	\$447.55

DS3 Connection Service

<i>Cross-Connect</i>		
* DSX-3 Connection	357C	\$877.14
* Land	70C	\$6.64
* Building	60C	\$86.85
<i>Connection Service</i>		
* Equipment Surrogate	357C	\$20,827.12
* Coax Cable	62C	\$17.60
* Fiber Distribution Frame	357C	\$106.40
* Land	70C	\$138.50
* Building	60C	\$1,819.56

DS1 Channel Termination

* Circuit Equipment	257C	\$3,336.27
* Cable (Copper/Fiber, Aerial/Buried/Undgrd.)	Multiple	\$565.85
* Cable Support Facilities (Poles/Conduit)	1C, 4C	\$1,012.45
* Land	70C	\$10.87
* Building	60C	\$132.48

DS3 Channel Termination

* Circuit Equipment	357C	\$54,969.89
* Cable (Underground Fiber only)	65C	\$2,729.27
* Cable Support Facilities (Conduit only)	4C	\$1,631.06
* Land	70C	\$225.88
* Building	60C	\$2,666.25

ANNUAL COST FACTORS
DS1 and DS3 Collection Services

	Washington, D.C.				Washfield			
	357C	62C	70C	80C	357C	62C	70C	80C
Chl. Exp	Cable	Land	Bldg.		Chl. Exp	Cable	Land	Bldg.
Depreciation	0.0001	0.1119	0.0000	0.0276	0.1142	0.0741	0.0000	0.0200
Cost of Money	0.0016	0.1007	0.1300	0.1110	0.0007	0.1007	0.1300	0.1128
Income Tax	0.0412	0.0000	0.0002	0.0000	0.0000	0.0000	0.0406	0.0420
Maintenance	0.0102	0.0100	0.0000	0.0000	0.0004	0.0073	0.0000	0.0293
Administration	0.0444	0.0444	0.0444	0.0444	0.0000	0.0000	0.0000	0.0200
Marketing	0.0001	0.0001	0.0001	0.0001	0.0000	0.0000	0.0000	0.0000
Other Tax	0.0000	0.0000	0.0171	0.0171	0.0001	0.0001	0.0001	0.0001
Total	0.2028	0.3257	0.2008	0.2000	0.2000	0.2000	0.2172	0.2427

	Washfield				West Virginia			
	357C	62C	70C	80C	357C	62C	70C	80C
Chl. Exp	Cable	Land	Bldg.		Chl. Exp	Cable	Land	Bldg.
Depreciation	0.1102	0.0716	0.0000	0.0001	0.0000	0.0704	0.0000	0.0314
Cost of Money	0.0001	0.1002	0.1200	0.1100	0.0016	0.1020	0.1300	0.1100
Income Tax	0.0000	0.0401	0.0000	0.0000	0.0000	0.0402	0.0000	0.0000
Maintenance	0.0107	0.0000	0.0000	0.0100	0.0100	0.0077	0.0000	0.0100
Administration	0.0231	0.0001	0.0231	0.0231	0.0237	0.0237	0.0237	0.0237
Marketing	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016
Other Tax	0.0045	0.0045	0.0045	0.0045	0.0000	0.0000	0.0000	0.0000
Total	0.2000	0.2007	0.2152	0.2204	0.2700	0.2002	0.2230	0.2435

	New Jersey				Pennsylvania			
	357C	62C	70C	80C	357C	62C	70C	80C
Chl. Exp	Cable	Land	Bldg.		Chl. Exp	Cable	Land	Bldg.
Depreciation	0.0046	0.0720	0.0000	0.0000	0.1111	0.0045	0.0000	0.0231
Cost of Money	0.0040	0.1000	0.1200	0.1000	0.0000	0.1002	0.1200	0.1100
Income Tax	0.0000	0.0000	0.0400	0.0416	0.0401	0.0000	0.0000	0.0000
Maintenance	0.0173	0.0100	0.0000	0.0000	0.0400	0.0101	0.0000	0.0270
Administration	0.0270	0.0000	0.0270	0.0270	0.0207	0.0207	0.0207	0.0207
Marketing	0.0019	0.0019	0.0019	0.0019	0.0001	0.0001	0.0001	0.0001
Other Tax	0.0000	0.0000	0.0000	0.0000	0.0017	0.0017	0.0112	0.0112
Total	0.2076	0.2002	0.2120	0.2000	0.3000	0.2000	0.2407	0.2000

	Delaware			
	357C	62C	70C	80C
Chl. Exp	Cable	Land	Bldg.	
Depreciation	0.1130	0.1040	0.0000	0.0200
Cost of Money	0.0010	0.0000	0.1200	0.1000
Income Tax	0.0444	0.0400	0.0000	0.0000
Maintenance	0.0017	0.0000	0.0000	0.0107
Administration	0.0101	0.0101	0.0101	0.0101
Marketing	0.0013	0.0013	0.0013	0.0013
Other Tax	0.0000	0.0000	0.0000	0.0000
Total	0.3000	0.2076	0.2100	0.2019

**ANNUAL COST FACTORS
DS1 and DS3 Channel Termination Services**

Wash, D.C.	1C Poles	4C Conduit	82C Aer. Fiber	85C Und. Fiber	845C Bur. Fiber	2C Aer. Cab.	5C Und. Cab.	45C Bur. Cab.	257C Ckt. Eqp.	357C Ckt. Eqp.	70C Land	80C Bldg.
Depreciation	0.1257	0.0238	0.0508	0.0536	0.0519	0.0644	0.0712	0.0535	0.0532	0.1019	0.0000	0.0005
Cost of Money	0.1100	0.1100	0.1005	0.1027	0.1002	0.1106	0.1115	0.1136	0.0530	0.0532	0.1217	0.1216
Income Tax	0.0549	0.0536	0.0518	0.0513	0.0509	0.0509	0.0507	0.0507	0.0458	0.0458	0.0508	0.0512
Maintenance	0.0340	0.0127	0.0280	0.0134	0.0130	0.1378	0.0227	0.0208	0.0272	0.0189	0.0509	0.0219
Administration	0.0444	0.0444	0.0444	0.0444	0.0444	0.0444	0.0444	0.0444	0.0444	0.0444	0.0444	0.0444
Marketing	0.0391	0.0391	0.0391	0.0391	0.0391	0.0391	0.0391	0.0391	0.0391	0.0391	0.0391	0.0391
Other Tax	<u>0.0330</u>	<u>0.0330</u>	<u>0.0330</u>	<u>0.0330</u>	<u>0.0330</u>	<u>0.0330</u>	<u>0.0330</u>	<u>0.0330</u>	<u>0.0330</u>	<u>0.0330</u>	<u>0.0171</u>	<u>0.0171</u>
Total	0.3021	0.2022	0.2051	0.2705	0.2705	0.4356	0.3606	0.3408	0.3001	0.2941	0.2471	0.2398

Maryland	1C Poles	4C Conduit	82C Aer. Fiber	85C Und. Fiber	845C Bur. Fiber	2C Aer. Cab.	5C Und. Cab.	45C Bur. Cab.	257C Ckt. Eqp.	357C Ckt. Eqp.	70C Land	80C Bldg.
Depreciation	0.1070	0.0250	0.0550	0.0595	0.0482	0.0739	0.0592	0.0590	0.1254	0.1259	0.0000	0.0002
Cost of Money	0.1129	0.1201	0.1030	0.1045	0.1036	0.1079	0.1126	0.1147	0.0508	0.0527	0.1297	0.1299
Income Tax	0.0489	0.0451	0.0397	0.0390	0.0408	0.0421	0.0427	0.0408	0.0445	0.0405	0.0457	0.0459
Maintenance	0.0189	0.0081	0.0088	0.0085	0.0179	0.0542	0.0169	0.0490	0.0008	0.0217	0.0000	0.0014
Administration	0.0285	0.0285	0.0285	0.0285	0.0285	0.0285	0.0285	0.0285	0.0285	0.0285	0.0285	0.0285
Marketing	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330
Other Tax	<u>0.0331</u>	<u>0.0331</u>	<u>0.0331</u>	<u>0.0331</u>	<u>0.0331</u>	<u>0.0331</u>	<u>0.0331</u>	<u>0.0331</u>	<u>0.0331</u>	<u>0.0331</u>	<u>0.0331</u>	<u>0.0331</u>
Total	0.3167	0.2009	0.2451	0.2471	0.2466	0.3166	0.2702	0.2691	0.3076	0.3184	0.2160	0.2713

Virginia	1C Poles	4C Conduit	82C Aer. Fiber	85C Und. Fiber	845C Bur. Fiber	2C Aer. Cab.	5C Und. Cab.	45C Bur. Cab.	257C Ckt. Eqp.	357C Ckt. Eqp.	70C Land	80C Bldg.
Depreciation	0.0355	0.0216	0.0688	0.0536	0.0589	0.0752	0.0593	0.0590	0.1218	0.1251	0.0000	0.0021
Cost of Money	0.1121	0.1181	0.1005	0.1022	0.1040	0.1100	0.1112	0.1112	0.0621	0.0644	0.1200	0.1214
Income Tax	0.0508	0.0535	0.0455	0.0462	0.0469	0.0466	0.0504	0.0502	0.0373	0.0398	0.0541	0.0591
Maintenance	0.0156	0.0091	0.0058	0.0069	0.0032	0.0604	0.0169	0.0457	0.0160	0.0164	0.0000	0.0168
Administration	0.0231	0.0231	0.0231	0.0231	0.0231	0.0231	0.0231	0.0231	0.0231	0.0231	0.0231	0.0231
Marketing	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016
Other Tax	<u>0.0045</u>	<u>0.0045</u>	<u>0.0045</u>	<u>0.0045</u>	<u>0.0045</u>	<u>0.0045</u>	<u>0.0045</u>	<u>0.0045</u>	<u>0.0045</u>	<u>0.0045</u>	<u>0.0045</u>	<u>0.0045</u>
Total	0.3032	0.2315	0.2498	0.2381	0.2442	0.3246	0.2690	0.2693	0.2894	0.2894	0.2033	0.2461

ANNUAL COST FACTORS
DS1 and DS3 Channel Termination Services

West Virginia	1C Poles	4C Conduit	82C Aer. Fiber	85C Und. Fiber	845C Bur. Fiber	2C Aer. Cab.	5C Und. Cab.	45C Bur. Cab.	257C Ckt. Eqp.	357C Ckt. Eqp.	70C Land	80C Bldg.
Depreciation	0.0578	0.0254	0.0305	0.0357	0.0381	0.0359	0.0726	0.0575	0.1025	0.1039	0.0000	0.0044
Cost of Money	0.1116	0.1175	0.1039	0.1023	0.1045	0.1119	0.1113	0.1081	0.0637	0.0699	0.1217	0.1214
Income Tax	0.0353	0.0336	0.0436	0.0435	0.0334	0.0399	0.0399	0.0399	0.0435	0.0416	0.0337	0.0337
Maintenance	0.0251	0.0133	0.0103	0.0102	0.0339	0.0319	0.0297	0.0439	0.0279	0.0227	0.0000	0.0239
Administration	0.0337	0.0337	0.0337	0.0337	0.0337	0.0337	0.0337	0.0337	0.0337	0.0337	0.0337	0.0337
Marketing	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016
Other Tax	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002
Total	0.3107	0.2427	0.2545	0.2395	0.2395	0.2395	0.2395	0.3108	0.2345	0.2395	0.2113	0.2395

New Jersey	1C Poles	4C Conduit	82C Aer. Fiber	85C Und. Fiber	845C Bur. Fiber	2C Aer. Cab.	5C Und. Cab.	45C Bur. Cab.	257C Ckt. Eqp.	357C Ckt. Eqp.	70C Land	80C Bldg.
Depreciation	0.1039	0.0216	0.0436	0.0336	0.0437	0.0344	0.0399	0.0395	0.0374	0.0399	0.0000	0.0000
Cost of Money	0.1109	0.1191	0.1039	0.1023	0.1057	0.1113	0.1115	0.1125	0.0637	0.0694	0.1199	0.1199
Income Tax	0.0432	0.0436	0.0336	0.0334	0.0432	0.0434	0.0439	0.0439	0.0399	0.0379	0.0439	0.0439
Maintenance	0.0189	0.0153	0.0124	0.0336	0.0109	0.0399	0.0399	0.0391	0.0395	0.0199	0.0399	0.0397
Administration	0.0279	0.0279	0.0279	0.0279	0.0279	0.0279	0.0279	0.0279	0.0279	0.0279	0.0279	0.0279
Marketing	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019
Other Tax	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002
Total	0.3139	0.2573	0.2395	0.2499	0.2423	0.2495	0.2799	0.3099	0.2395	0.2319	0.2013	0.2799

Pennsylvania	1C Poles	4C Conduit	82C Aer. Fiber	85C Und. Fiber	845C Bur. Fiber	2C Aer. Cab.	5C Und. Cab.	45C Bur. Cab.	257C Ckt. Eqp.	357C Ckt. Eqp.	70C Land	80C Bldg.
Depreciation	0.1049	0.0274	0.0304	0.0436	0.0447	0.0399	0.0395	0.0397	0.1146	0.1179	0.0000	0.0000
Cost of Money	0.1118	0.1177	0.1022	0.1039	0.1033	0.1077	0.1113	0.1182	0.0639	0.0693	0.1239	0.1212
Income Tax	0.0395	0.0326	0.0546	0.0548	0.0557	0.0399	0.0399	0.0399	0.0494	0.0399	0.0494	0.0494
Maintenance	0.0182	0.0123	0.0127	0.0103	0.0103	0.0391	0.0397	0.0443	0.0195	0.0321	0.0399	0.0395
Administration	0.0297	0.0297	0.0297	0.0297	0.0297	0.0297	0.0297	0.0297	0.0297	0.0297	0.0297	0.0297
Marketing	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021
Other Tax	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017
Total	0.3279	0.2536	0.2634	0.2592	0.2515	0.2351	0.2395	0.3367	0.3095	0.3495	0.2239	0.2395

ANNUAL COST FACTORS
D81 and D83 Channel Termination Services

Delaware	1C Poles	4C Conduit	82C Aer. Fiber	85C Und. Fiber	845C Bur. Fiber	2C Aer. Cab.	5C Und. Cab.	45C Bur. Cab.	257C Ckt. Eqp.	357C Ckt. Eqp.	70C Land	80C Bldg.
Depreciation	0.1273	0.0517	0.0753	0.0532	0.0406	0.0305	0.0306	0.0307	0.1162	0.1194	0.0300	0.0276
Cost of Money	0.1056	0.1166	0.0857	0.1026	0.1657	0.1039	0.1114	0.1122	0.0306	0.0302	0.1239	0.1222
Income Tax	0.0514	0.0371	0.0408	0.0305	0.0315	0.0301	0.0349	0.0346	0.0406	0.0408	0.0304	0.0307
Maintenance	0.0212	0.0161	0.0164	0.0085	0.0081	0.0115	0.0104	0.0304	0.0377	0.0402	0.0300	0.0100
Administration	0.0191	0.0161	0.0161	0.0161	0.0161	0.0161	0.0161	0.0161	0.0161	0.0161	0.0161	0.0161
Marketing	0.0013	0.0013	0.0013	0.0013	0.0013	0.0013	0.0013	0.0013	0.0013	0.0013	0.0013	0.0013
Other Tax	0.0241	0.0241	0.0241	0.0241	0.0241	0.0241	0.0241	0.0241	0.0241	0.0241	0.0241	0.0241
Total	0.3300	0.2402	0.2677	0.2343	0.2614	0.2045	0.2305	0.2304	0.2676	0.3561	0.1908	0.2000

**DSS Entrance Function
Bell Atlantic - Channel Termination
Recurring Rate**

	DSS Chan.Term. Partitioned
1 TOTAL INVESTMENT:	\$4,980.38
2 Costs (Amortized Plant, 2002)	\$2,728.27
3 Conduct, 2441	\$1,851.08
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19	
20	
21 DEPRECIATION EXPENSE	\$203.65
22 COST OF MONEY	\$471.08
23 FEDERAL INCOME TAX	\$188.30
24 OTHER TAX	\$22.31
25	
26	
27	
28	
29	
30	
31	
32	
33 MAINTENANCE EXPENSE	\$40.18
34 ADMINISTRATION EXPENSE	\$112.76
35 MARKETING EXPENSE	\$7.84
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38	
39	
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50	
51 ANNUAL COST PER UNIT	\$1,057.21
52 MONTHLY COST PER UNIT	\$88.10
53 MONTHLY RATE PER UNIT	\$108.36
54 UNIT OF MEASUREMENT	
	per cable
55 RATIO: Rate / Direct Cost	1.76
56 RATIO: Rate / Unit Cost	1.23

NOTE: Used overhead loading factor prescribed by Commission for collocation (1.23)